

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET-DOMINANT PRICE CHANGE

Docket No. R2022-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 2, QUESTION 7**
(April 26, 2022)

The United States Postal Service hereby provides a further response to Chairman's Information Request No. 2, issued on April 14, 2022. Question 7 is stated verbatim and followed by its response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Jacob Howley
Acting Chief Counsel, Pricing & Product
Support

Valerie Pelton

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1101
202-487-4341
Valerie.j.pelton@usps.gov
April 26, 2022

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 2**

Special Services

7. The Postal Service proposes several classification changes related to Address Management Services. Revised Attachment A at 165, 172.
- a. For Multiline Accuracy Support System (MASS) Certification, the Postal Service proposes to end the practice of charging one-half the applicable fee for recertification of a machine due to a move, transfer, or upgrade. *Id.* at 165, 172. The Postal Service also proposes to have the initial test be provided at no charge with each subsequent test paying the applicable fee. *Id.* at 165.
 - i. Please explain the reason(s) the Postal Service proposes to end the practice of charging one-half the applicable fee for recertification of a machine due to a move, transfer, or upgrade.
 - ii. Please explain the reason(s) the Postal Service proposes to have the initial test be provided at no charge.
 - iii. Please confirm that page 170 of Revised Attachment A should have contained eight notes numbered “9” and four notes numbered “10” in strikethrough to show the proposed changes to MASS Certification in legislative format. If confirmed, please provide an updated Revised Attachment A page reflecting the changes. If not confirmed, please explain.
 - iv. Please explain whether an additional change is needed to the price table for MASS Certification to reflect that the Postal Service is proposing that the initial test be provided at no charge. *See id.* at 170. If an additional change is needed, please provide an updated Revised Attachment A page reflecting the change. If necessary, please also update Library Reference USPS-LR-R2022-1/5, Excel file “R2022-1 Special Services CapCalc.xlsx” to reflect this change.
 - b. For National Change of AddressLink (NCOALink) Service, the Postal Service proposes to remove language that states that there is “[n]o proration for fees for additional sites.” *Id.* at 172.
 - i. Please confirm that with the removal of this language the Postal Service intends to allow for proration of fees for additional sites.
 - ii. If question 7.b.i. is not confirmed, please explain why the Postal Service proposes to remove this language.
 - iii. If question 7.b.i. is confirmed, please explain the reason(s) the Postal Service proposes to allow for proration of fees for additional sites.
 - c. For Delivery Sequence File—2nd Generation (DSF2) Service, the Postal Service proposes to remove language that states that “[t]here is no proration for additional locations or platforms.” *Id.*

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 2**

- i. Please confirm that with the removal of this language the Postal Service intends to allow for proration for additional locations and platforms.
- ii. If question 7.c.i. is not confirmed, please explain why the Postal Service proposes to remove this language.
- iii. If question 7.c.i. is confirmed, please explain the reason(s) the Postal Service proposes to allow for proration for additional locations and platforms.

Response:

a.

- i. Recertification occurs relatively rarely and is based on decisions made by the customer. Similar to the logic in a.ii below, it was determined that the customer should bear the full cost of testing that results from the customer's elective decision.
- ii. An initial test is required due to Postal Service-imposed requirements, whereas retesting occurs only if the customer fails to pass the initial test or if the customer elects a retest. The decision to make the initial test available to customers at no cost reflects fairness by alleviating the cost burden for customers to comply with the Postal Service mandate for the initial test, while shifting to customers the cost of any failure-based or customer-elected retests. The burden-shifting and price differential incentivizes customers to take reasonable measures to ensure they pass the initial test and thus to avoid the necessity of one or more retests, and it disincentivizes customers from opting for unnecessary elective retests.

b.

- i. Confirmed.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 2**

- ii. N/A.
 - iii. Implementing proration for NCOALink Service will make pricing for this product consistent with pricing on other Address Management Services (AMS). Without proration, customers seeking to maximize value are incentivized to initiate NCOALink Service at the beginning of the year, leading to a potential for “bunching” of initiation requests. Proration should remove this incentive and make the value proposition of NCOALink Service timing-neutral. In addition to eliminating the increased administrative burden of processing “bunched” initiation requests, the Postal Service should receive revenue from NCOALink Service earlier in the calendar year, as customers will no longer be incentivized to wait for the start of the next calendar year to initiate service.
- c.
- i. Confirmed.
 - ii. N/A.
 - iii. See response to b.iii above.